

NATURAL GAS REPORT FOR AUGUST 2004

FUTURES PRICES¹

Natural gas futures prices continued to trend downward in the month. The month started with the lowest front month settlement price since late April. Weather forecasts for below normal temperatures in the early month, among other things, contributed to the price drop-off. In fact, this August was the 7th coolest August in 110 years according to the National Oceanic Atmospheric Administration. The unseasonably cool temperatures and continued buildup in gas storage combined to put downward pressure on the natural gas futures prices. However, there were price spikes on several occasions mainly due to a potential tropical storm threat and the actual two storms, Hurricane Charley and Tropical Storm Bonnie. Nonetheless, the storms were not significant enough in terms of natural gas impact to sustain the higher prices in August. The August and September contracts were closed at NYMEX at a price of \$6.048 and \$5.082 per MMBtu's, respectively. The September price was about 3% higher than the last year's closing, while the August price was about 29% higher than that of the same period last year. The September contract expired at \$5.082 per MMBtu's on August 27 compared to \$5.813 per MMBtu's at the beginning of the month. As of September 17, NYMEX October futures were settled at \$5.108 per MMBtu's compared to \$4.642 per MMBtu's settled at the same time last year.

U.S. STORAGE LEVELS²

The continued unseasonably cool temperatures contributed to relatively large storage injections in the month. A lack of demand for gas-fired electric generation for space cooling freed up gas for the storage injections and the monthly injections exceeded historical averages by significant amount. The total storage inventories in the U.S. as of August 27 are 2,695 Bcf, 276 bcf higher compared to the same period last year, and expanded the surplus over the previous five-year (1999-2003) average for the same week to 184 bcf.

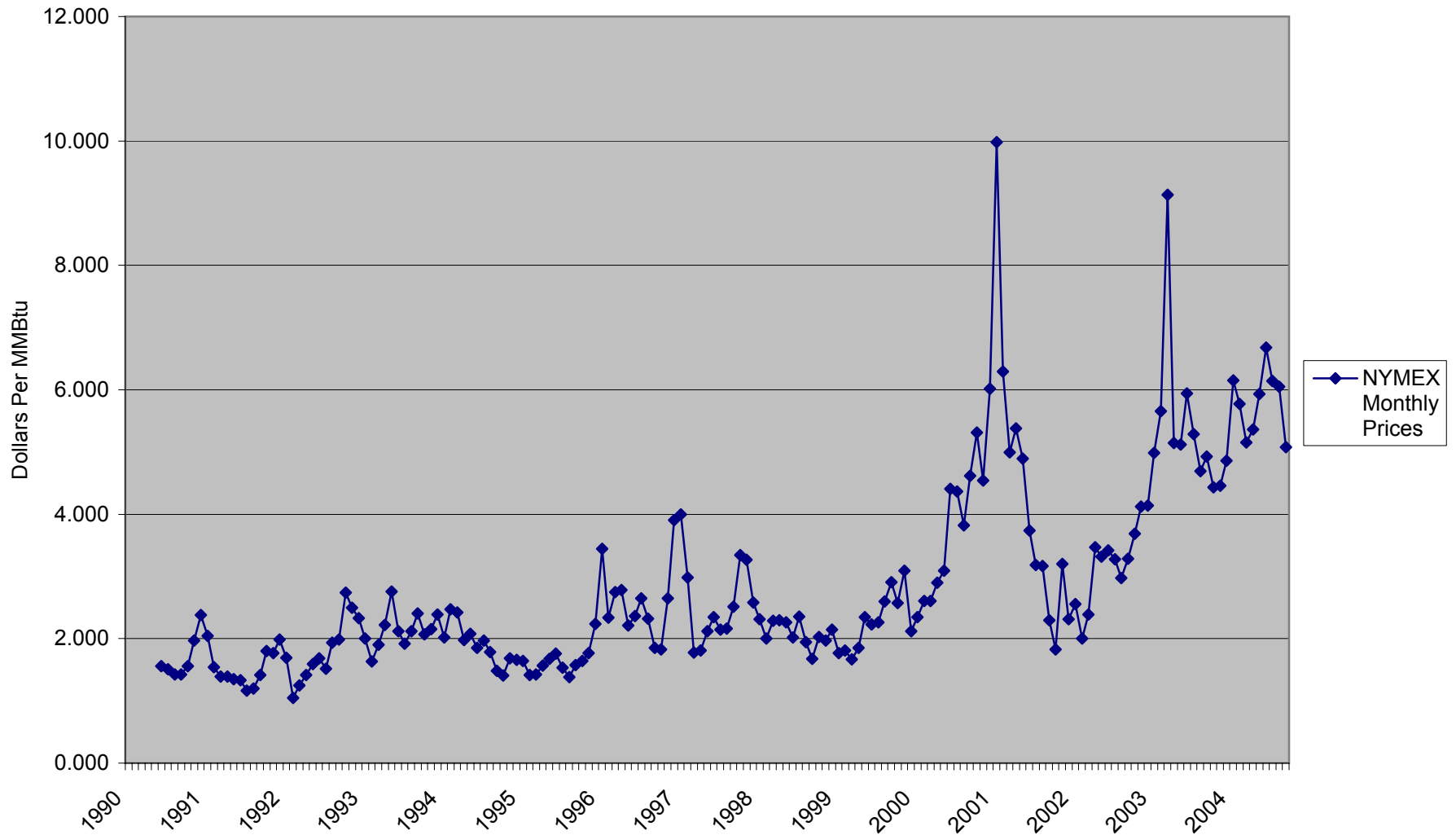
SUMMARY

The combinations of higher market prices and other market factors despite the above last year's national storage inventories could result in natural gas bills that are higher for consumers this year. The wholesale price of the natural gas commodity was fully deregulated by the federal government in 1993. Local natural gas distribution companies (LDCs) do not produce the gas they sell but purchase it on an open market at market prices. The Missouri Public Service Commission (PSC) does not regulate the price of the natural gas commodity, but does monitor LDC purchasing decisions. The PSC continues to review the gas purchasing practices of the distribution companies in terms of reasonableness and prudence.

¹ Data Source: Wall Street Journal

² Energy Information Administration's Natural Gas Weekly Update

Monthly Natural Gas Prices



Note 1: 1 Million British Thermal Unit(MMBtu) is approximately equal to 1,000 cubic feet

Note 2: Monthly Natural Gas Prices Based on the New York Mercantile Exchange(NYMEX) Expiration Prices, Source:WSJ

NYMEX Natural Gas Commodity Price

Historical Month Price on the Last Trading Day of the Month

Current Months' Prices on Last Day Traded, 08/27/04

Future Months' Prices on 09/20/2004

